GOVERNMENT OF INDIA
ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:6423
ANSWERED ON:12.04.2017
Printed Circuit Boards
Khadse Smt. Raksha Nikhil

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

Will the Minister of Electronics and Information Technology be pleased to state:
(a) whether the Government proposes to promote manufacturing of critical components like Printed Circuit Board (PCB) or populated PCB to achieve the dream of net zero imports; and

(b) if so, the details thereof and the steps taken by the Government in this regard?

Answer

(a): Yes, Sir.
(b): Steps taken by the Government to promote manufacturing of critical components like Printed Circuit Board (PCB) or populated PCB in the country are enclosed at Annexure.

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Annexure

Steps taken by the Government to promote manufacturing of critical components like Printed Circuit Board (PCB) or populated PCB in the country

1. To offset disability and attract investments in electronics manufacturing, Modified Special Incentive Package Scheme (M-SIPS) was launched by the Government in July 2012. The scheme has been extended from time to time with procedural simplifications and expansion of scope of new product categories. Recently, certain amendments in the M-SIPS policy have been notified on 30.01.2017 with a view to expedite investments in electronics manufacturing. The scheme along with the amendments is available in public domain at http://meity.gov.in/esdm. The scheme mainly provides 20-25% subsidy for investments in capital expenditure for setting up of electronics manufacturing facility. It also provides for reimbursement of CVD/Central Excise Duty on porcured capital equipment for the non-SEZ units. The incentives are available for 44 categories of electronic products and components thereof, including manufacturing of PCBs. The applications will be received till 31.12.2018 or till such time that the incentive commitment reaches Rs.10,000 Crores, whichever is earlier. The incentives will be available for a period of 5 years from the date of approval of the application. Under the M-SIPS, 19 applications have been received for manufacture of bare PCBs involving a proposed investment of Rs.1,277 Crores.

2. Following tariff related measures have been taken for promotion of indigenous manufacturing of PCBs:
2.1 Bare PCBs are covered under the Information Technology Agreement (ITA-1) of WTO and hence are exempted from Basic Customs Duty (BCD). To avoid inverted tariff structure, all inputs for manufacture of PCBs are also exempted from BCD, subject to actual user condition. Specified capital goods for the manufacture of bare PCBs are also exempted from BCD.
2.2 To promote indigenous manufacturing of populated PCBs, following measures have been taken:
(i) Special Additional Duty of Customs (SAD) has been exempted on all goods (except populated PCBs) for use in the manufacture of ITA-1 bound goods, subject to actual user condition.
(ii) In Budget 2016-17, the differential Central Excise Duty dispensation made available to mobile handsets/ tablet computers has been extended certain identified electronic equipments such as Routers, Broadband modems, Set-top boxes for gaining access to internet, Set-top boxes for TV, Digital Video Recorder (DVR) / Network Video Recorder (NVR), CCTV Camera / IP Camera and Lithium-ion batteries (other than those for mobile handsets including cellular phones). However, these will be charged Central Excise Duty of 4% (without input tax credit) or 12.5% (with input tax credit), while Countervailing Duty (CVD) on imports shall be 12.5% where input tax credits are not claimed, parts, components and accessories (except populated PCBs) of the following equipment have been exempted from BCD, Countervailing Duty (CVD)/ Excise Duty and SAD namely:-
Routers, Broadband modems, Set-top boxes for gaining access to internet, Set-top boxes for TV, Digital Video Recorder (DVR) / Network Video Recorder (NVR), CCTV Camera / IP Camera and Lithium-ion batteries (other than those for mobile handsets including cellular phones)
(iii) In Budget 2017-18, 2% concessional SAD has been imposed on populated PCBs for use in the manufacture of mobile handsets, subject to actual user condition. The concessional SAD will be valid till 30.06.2017.
2.3 Specified inputs and specified capital goods for the manufacture of specified electronic components, including semiconductor

devices, are also exempted from BCD, subject to actual user condition.

3. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs.50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs.50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.

4. Approvals for all foreign direct investment upto 100% in the electronic hardware manufacturing sector (including electronic components) are under the automatic route.
5. Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
6. For promotion of exports in the sector, Merchandise Exports from India Scheme (MEIS) and Export Promotion Capital Goods (EPCG) Scheme are available under the Foreign Trade Policy, 2015-20. MEIS offers export incentives so as to offset disabilities of manufacturing. The export incentive for electronic goods is available @ 2% of FOB value of export. Zero duty EPCG scheme allows import of capital goods at zero customs duty, subject to specified export obligation.
7. Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required by them for carrying on export activities, CST reimbursement and Central Excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
8. A National Centre of Excellence in Large Area Flexible Electronics (NCFLEX) has been set up in IIT-Kanpur with the objective to promote R&D, Manufacturing, ecosystems, Entrepreneurship, International Partnerships and desktop Human Resources as well as prototypes in collaboration with industry for commercialization.
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